

If no tangible personal property is transferred to the customer, then no Illinois Retailers' Occupation Tax or Use Tax would apply. See 86 Ill. Adm. Code 130.201 regarding sales at retail. (This is a GIL.)

September 30, 2005

Dear Mr./Ms. Huffman:

This letter is in response to your letter dated April 29, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

The County 4-H Foundation is considering erecting a billboard sign with the express purpose of increasing the visibility of the 4-H program throughout County.

The County 4-H Committee, the group responsible for examining ways to promote the 4-H program, initiated this concept. This group is willing to pursue the idea and has already inquired into the need to: 1) negotiate the cost of a billboard lease with a property owner, 2) submit permit applications to Illinois Department of Transportation and county officials, and 3) ordering and installing the proposed sign and providing for an electrical connection to be made.

Billboard signs of this nature can generally be viewed by passing traffic on two sides, with either one or two printed signs per side. The 4-H Committee would take responsibility for collecting corporate donations to the County 4-H Foundation, designing the advertising promoting the 4-H program.

It is the committees feeling that income generated by selling monthly advertising space on the remaining one, two or three rented sides would pay for the ongoing design, printing and installation of new signage on a not-for-profit basis.

We would appreciate knowing of any legal issues that would prevent this from occurring and await your decision.

Thank you for your consideration.

This letter addresses sales tax issues only. A separate letter will address income tax issues.

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Cod 130.101. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 86 Ill. Adm. Code 150.101. You may want to note that under Illinois law, a construction contractor does not incur Retailers' Occupation Tax liability as to receipts from labor furnished and tangible personal property (materials and fixtures) incorporated into a structure as an integral part thereof for an owner when furnished and installed as an incident of a construction contract. The construction contractor incurs Use Tax on the cost price of the tangible personal property that is incorporated into real estate. (See 86 Ill. Adm. Code Sections 130.1940 and 130.2075 regarding construction contractors.)

For the rental of advertising space on a billboard, if no tangible personal property is transferred to the customer, then no Illinois Retailers' Occupation Tax or Use Tax would apply. See 86 Ill. Adm. Code 130.201 regarding sales at retail.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote  
Associate Counsel

MPM:msk